

From: Wayne Hedberg
To: Minerals
Date: Tue, Feb 16, 1999 11:13 AM
Subject: Telephone Call from Ret Roberts - Redmond Clay & Salt Co. (M/039/002)

On February 12, 1999, I received a call from Ret Roberts of Redmond Clay & Salt. He had questions regarding our January 28, 1999 letter which advised his company and Utah Independent Bank of the 90-day advance written notification requirement, before a reclamation surety can be cancelled. Mr. Roberts indicated that the company is going through a change in ownership and a buy-out is to be completed by March 15, 1999. The present collateral that is being used to secure the Irrevocable Letter of Credit (ILOC) presently held by the Division will be affected somewhat. This collateral is apparently needed to secure the required financing to complete the sales transaction.

Redmond is looking at posting a surety bond to replace the ILOC. Mr. Roberts asked if it would be possible to post a temporary 90-day surety bond to replace the existing ILOC until the final reclamation surety amount is finalized as part of the final approval of the LMO application presently under DOGM review. I told him that I thought this might be possible as this would be considered an interim replacement surety and would only require Division Director approval.

Mr. Roberts asked if he had to wait 90 days after submitting the replacement surety before we could notify him of our acceptance of same. I told him no and that the 90-day provision is tied to the advance written notification requirement from the existing surety provider (Utah Independent Bank) before they can contractually cancel their ILOC. I told him that once we had a replacement form of surety in hand that was found acceptable by our legal counsel and Division Director, we could release the existing ILOC. I also told him that the MLRA will not allow us to let the existing reclamation surety to lapse and we will be forced to pursue forfeiture if we do not receive a replacement surety prior to the expiration date of the existing surety.

He stated that he should hear back from his alternate funding source by Tuesday (2/16/99) and would contact us at that time regarding how they want to proceed. I told him to contact any of the Minerals staff for assistance if he wasn't able to reach me directly.

A copy of this email will be sent to the appropriate minerals mine file - M/039/002.

CC: MWright